

ANNEX II

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the

Product name: Kinnerton BæredygtigeBoliger/Kinnerton Sustainable Housing II (company no. 42435244)

Legal entity identifier: 9845003C4D41E36C1234

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

Yes No

<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments



What environmental and/or social characteristics are promoted by this financial product?

Kinnerton Bæredygtige Boliger/Kinnerton Sustainable Housing II K/S (the “Fund”), promotes environmental and social characteristics. It is the Fund’s strategy to invest in housing projects with strong environmental and social characteristics that are as closely aligned with the EU Taxonomy as possible and still commercially feasible.

It means that the Fund invests in housing projects that are “DGNB GOLD” certified and therefore guiding for the Fund’s environmental and social characteristics. DGNB is a comprehensive assessment tool that evaluates the environmental, economic, and social performance of a building or urban area over its entire life cycle.

Furthermore, the Fund's real estate assets promote social characteristics, by providing affordable housing

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The Fund measures the indicators and criteria that are part of the DGNB GOLD certification is based on a set of criteria that are grouped into eight categories: site, energy, water, materials, health and comfort, innovation, climate protection, and ecology.

The Fund's investments live up to all DGNB GOLD certification requirements and the Fund measures specifically the following indicators:

- Life Cycle Assessment (LCA) and Life Cycle Costs (LCC)
 - In the early stages, an LCA and LCC calculation is prepared.
 - CO2 emissions and costs from materials are an important parameter in the decision-making process.
- New Build Sustainability certification
 - DGNB gold certified properties / Article 8 taxonomy aligned
- Job Creation, Employee Safety and Reduction of Carbon Footprint
 - Achieved through adherence to strict Building Regulations for new builds which include compliance to energy use thresholds

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The Fund does not have sustainable investments.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective? [**

The Fund does not have sustainable investments.

How have the indicators for adverse impacts on sustainability factors been taken into account?

The Fund does not have sustainable investments.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The Fund does not have sustainable investments.

Does this financial product consider principal adverse impacts on sustainability factors?

Yes,

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.



The investment strategy guides investment decisions based on factors such as investment objectives and risk

Good governance practices include sound management structures, employee relations, remuneration of



Asset allocation describes the share of investments in specific assets

The Fund considers the following principal adverse impacts on the following indicators:

Exposure to fossil fuels: The Fund do not invest in new real estate assets that are exposed to fossil fuels.

Energy inefficient buildings: When investing, The Fund aims to only invest in buildings that qualify as energy efficient. As the Fund only invests in new buildings, these should have PED (Primary Energy Demand) below the NZEB (Nearly-Zero Energy Building) threshold or have the potential to be lifted to qualify as efficient through renovations.

Waste production in operations: All of the real estate assets in the Fund are equipped with facilities for waste sorting and covered by a waste recovery or recycling contract.

In addition, the integration of the negative impact of investments on sustainability factors (PAI) is taken into account as an integral part of the investment process.

What investment strategy does this financial product follow?

The Fund's strategy is to invest in newly built residential real estate assets for the Danish rental market. The Fund's strategy is to invest in all real estate assets with a focus on middle-income families, student and senior housing. Geographically the strategy focuses on three primary locations; greater Copenhagen, greater Århus and the "triangle area", with an initial focus on growth cities with short distance to workplaces, supermarkets and sports facilities, medium and affordable rent levels, easy access to public transportation and a wide variety of educational opportunities. Furthermore, a proprietary pipeline of assets through cooperating with real estate developers generated from the credit business seeks to eliminate pipeline risk.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding elements to attain the environmental and social characteristics, are:

- Investment analysis: E.g., sustainability due diligence is mandatory for all acquisitions in addition to technical, legal, commercial and environmental due diligence. The analysis is presented to the investment committee.
- Energy efficiency: Buildings that achieve DGNB GOLD certification are designed to use energy efficiently, with a focus on minimizing energy consumption and reducing greenhouse gas emissions. This can be achieved

through the use of energy-efficient technologies, such as high-performance insulation, efficient heating and cooling systems, and solar panels.

- Investment decision: A sustainability analysis which includes detailed assessment of risk and value creation opportunities is mandatory part of all investment decisions.

All investments will be subject to the binding elements of the investments strategy to achieve the environmental and social characteristics required by the Fund.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

There is no committed minimum rate to reduce the scope of investments.

- **What is the policy to assess good governance practices of the investee companies?**

The Fund does not hold any investee companies and therefore has no policy to assess good governance of companies.



What is the asset allocation planned for this financial product?

The Fund invests in buildings that have been certified DGNB GOLD certification. This certification is awarded to buildings that meet high standards of sustainability in terms of their design, construction, operation, and maintenance.

In addition, the Fund is allowed to invest in real estate assets that are designed and operated in ways that reduce their environmental footprint, through the use of energy-efficient technologies.

Overall, the Fund's real estate asset allocation are planned for minimum environmental or social safeguards that involve making investment decisions that prioritize sustainability and the well-being of people and the environment.

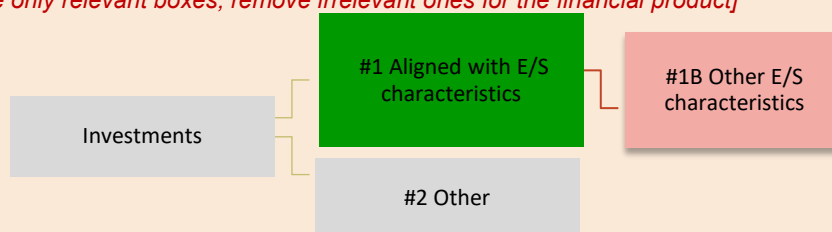
[include note only for financial products referred to in Article 6 of Regulation (EU) 2020/852]

[include note only for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852]

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance investee companies.

[Include only relevant boxes, remove irrelevant ones for the financial product]



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

[include the note below where the financial product commits to making sustainable investments]

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

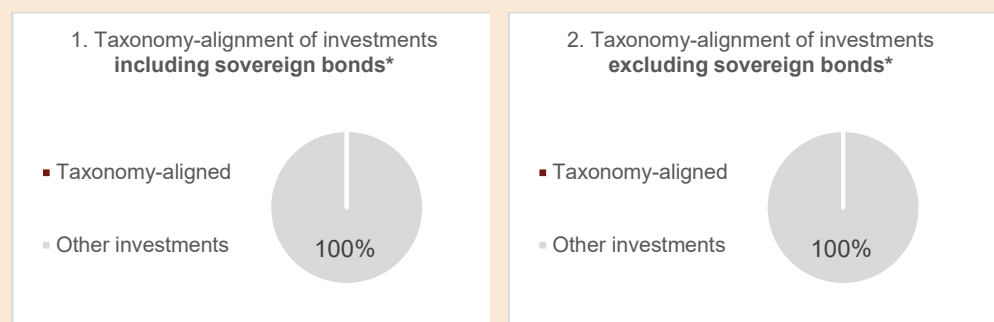
- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The fund does not use derivatives.



- **To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

The Fund has not set a minimum share of investments that are aligned with the EU Taxonomy.

- **What is the minimum share of investments in transitional and enabling activities?**

The Fund has not set a minimum share of investments in transitional and enabling activities.



- **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Fund does not have sustainable investments.



- **What is the minimum share of socially sustainable investments?**

The Fund does not have sustainable investments.



- **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

This segment of investments are derived elements of the ordinary real estate investments, i.e. cash, receivables, deposits or other forms of working capital.

There are no environmental or social safeguards for these types of investments.

[include note for financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852 that invest in environmental economic activities that are not environmentally sustainable economic activities]



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No, a specific index is not designated to the fund.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

The Fund does not use a reference benchmark.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

The Fund does not use a reference benchmark.

- ***How does the designated index differ from a relevant broad market index?***

The Fund does not use a reference benchmark.

- ***Where can the methodology used for the calculation of the designated index be found?***

The Fund does not use a reference benchmark.

[include note for financial products where an index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product]

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they



Where can I find more product specific information online?

More product-specific information can be found on the website:

Find more information at Kinnerton's website: <https://kinnertoncap.dk/esg/>